

**AGENDA**



**Recommendation for Council Action**

Austin City Council	<b>Item ID</b>	17263	<b>Agenda Number</b>	9.
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<b>Meeting Date:</b>	8/2/2012	<b>Department:</b>	Austin Energy
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**Subject**

Approve an ordinance amending the Austin Energy Strategic Reserve Fund (Ordinance No. 20110912-005) by increasing transfers out of the Austin Energy Operating Fund in the amount of \$25,000,000; and amending the Fiscal Year 2011-2012 Austin Energy Operating Budget (Ordinance No. 20110912-005) to increase transfers from the Austin Energy Strategic Reserve Fund in the same amount in order to increase the Operating Fund cash balance to fund day-to-day operations and maintenance activities.

**Amount and Source of Funding**

Funding in the amount of \$25,000,000 is available in the Fiscal Year 2011-2012 Strategic Reserve Fund Contingency Reserve portion of Austin Energy.

**Fiscal Note**

A fiscal note is attached.

<b>Purchasing Language:</b>	
<b>Prior Council Action:</b>	September 12, 2011 - Approved Ordinance 20110912-005.
<b>For More Information:</b>	Ann Little, Sr. Vice President, Finance and Corporate Services, 322-6148.
<b>Boards and Commission Action:</b>	Recommended by the Electric Utility Commission
<b>MBE / WBE:</b>	
<b>Related Items:</b>	

**Additional Backup Information**

Austin Energy's budgets for the past three years were not structurally balanced, that is, available funds were not sufficient to cover requirements. The current FY 2011-12 Budget continues that trend with a deficiency of \$77.6 million. Although significant cost reductions have been made over the past several years, operating reserves have been drawn down to fund ongoing operations. Operating funds have gone from over \$225 million in late 2009 to less than \$35 million currently. Austin Energy will receive a rate increase effective in October 2012 to help recover the utility's revenue requirements but a transfer of funds is necessary from the Strategic Reserve Fund, Contingency Reserve portion, to maintain compliance with Financial Policy # 11 (stating that Austin Energy shall maintain operating cash equivalent to 45 days of budgeted operations and maintenance expense, less fuel) and to help Austin Energy fund day-to-day operations until the impact of the rate increase can sustain day-to-day operations.